

**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
SOUTHERN LIFE AND HEALTH INSURANCE COMPANY**

The undersigned, acting as the sole shareholder of an insurance corporation organized under the laws of the State of Delaware, amends and restates the Articles of Incorporation for such corporation, effective September 30, 1995 and provided that the Wisconsin Commissioner of Insurance has approved the corporation's Application for a Certificate of Incorporation and Certificate of Authority, as follows:

ARTICLE I

Name

The name of the corporation is: **Southern Life and Health Insurance Company**. The corporation is a continuance of the corporate existence of a former Delaware corporation with a Wisconsin domicile. The September 10, 1890 date of incorporation of the corporation shall continue notwithstanding the change of its domicile to Wisconsin.

ARTICLE II

Purposes

The purposes for which the corporation is organized are to engage in the business of insurance, business reasonably incidental to its insurance business, and any other lawful activity within the purposes for which a corporation may be organized under Chapter 611 of the Wisconsin Statutes.

ARTICLE III

Capital Stock

The aggregate number of shares which the corporation shall have authority to issue is seventy-five thousand (75,000) of which fifteen thousand (15,000) shares shall be class A preferred stock, par value five hundred dollars (\$500) per share ("Class A Preferred Stock"), twenty-five thousand (25,000) shares shall be class B preferred stock,

par value ten cents (\$.10) per share ("Class B Preferred Stock") (collectively, the Class A Preferred Stock and the Class B Preferred Stock are referred to hereinafter as the "Preferred Stock") and thirty-five thousand (35,000) shares shall be common stock, par value fifty dollars (\$50) per share ("Common Stock").

(1) Any unissued or treasury shares of the Preferred Stock may be issued by the Board of Directors from time to time in one or more series. All shares of Class A Preferred Stock shall be of equal rank and shall be identical and all shares of Class B Preferred Stock shall be of equal rank and shall be identical, except in respect of the provisions of such shares of Class A Preferred Stock or Class B Preferred Stock that may be fixed by the Board of Directors as hereinafter provided pursuant to authority which is hereby expressly granted to the Board of Directors; and each share of a series shall be identical in all respects with the other shares of such series, except as to date from which dividends thereon, if any, shall be cumulative. Before any shares of Preferred Stock of any particular series shall be issued, the Board of Directors shall fix and determine, and is hereby expressly empowered (without the vote or consent of the holders of any class or series of stock) to fix and determine, in the manner provided by law, the following provisions of the shares of such series so far as not inconsistent with the provisions of this Article III applicable to all series of Preferred Stock:

(a) the distinctive designation of such series and the number of shares which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors in creating such series), or decreased (but not below the number of shares thereof then outstanding) from time to time by action of the Board of Directors;

(b) the annual rate of dividends, if any, payable on shares of such series, the conditions upon which, and the dates when, such dividends shall be payable;

(c) the time or times when, the price or prices at which and the manner in which shares of such series shall be redeemable;

(d) the obligation, if any, of the corporation to maintain a sinking fund for shares of such series;

(e) the amount payable on shares of such series in the event of any liquidation or dissolution which results in the winding-up of the affairs of the corporation;

(f) the full or limited voting power, if any, of the shares of such series;

(g) the rights, if any, of the holders of shares of such series to convert such shares into, or exchange such shares for, shares of any other class or classes or of any other series of the same or any other class or classes of stock of the corporation and the price or prices or the rates of exchange at which such shares shall be convertible or exchangeable and the adjustments and changes thereof; and

(h) any other preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions of shares of such series not fixed and determined in this Article III.

(2) In the event of any dissolution or liquidation (whether voluntary or involuntary) which results in the winding-up of the affairs of the corporation, after payment or provision for payment of the debts and other liabilities of the corporation, the holders of each series of Preferred Stock shall be entitled to receive for every share of their holdings of such series, out of the net assets of the corporation, an amount in cash for each share equal to the amount fixed and determined by the Board of Directors in the resolutions providing for the issue of shares of such particular series of Preferred Stock before any distribution shall be made to the holders of the shares of Common Stock. Thereafter, the holders of any particular series of Preferred Stock may participate in the remaining net assets of the corporation to the extent, if any, fixed and determined by the Board of Directors in the resolutions providing for the issue of shares of such particular series of Preferred Stock. If, upon any dissolution or liquidation (whether voluntary or involuntary) which results in the winding-up of the affairs of the corporation, the assets of the corporation, or the proceeds thereof, distributable among the holders of the shares of the Preferred Stock shall be insufficient to pay in full the preferential amount payable to the holders of each series of Preferred Stock as aforesaid, then such assets, or the proceeds thereof, shall be distributed among such holders ratably in

accordance with the respective amount which would be payable on such shares if all amounts payable thereon (before any part of such assets or proceeds thereof could have been distributed to the holders of the shares of Common Stock) were paid in full. For the purposes of this Paragraph 2, the voluntary sale, lease, exchange or transfer (for cash, shares of stock, securities, or other consideration) of all or substantially all of its property or assets to, or a consolidation or merger of the corporation with, one or more corporations shall not be deemed to be a liquidation, dissolution or winding-up of the affairs of the corporation.

(3) (a) Subject to the limitations prescribed in this Article III and further limitations prescribed in the resolutions of the Board of Directors providing for the issue of any series of Preferred Stock, the holders of the shares of Common Stock shall be entitled to receive, on a share for share basis, when and as declared by the Board of Directors, out of the assets of the corporation which are by law available therefor, dividends payable either in cash, in property, or in shares of stock.

(b) In the event of any dissolution or liquidation (whether voluntary or involuntary) which results in the winding-up of the affairs of the corporation, the holders of the shares of Common Stock shall be entitled, after payment or provision for payment of the debts and other liabilities of the corporation, and the amounts to which the holders of the Preferred Stock shall be entitled, to share ratably, on a share for share basis, in the distribution of the remaining net assets of the corporation.

(4) (a) Subject to the provisions hereof and subject to the provisions of the By-Laws of the corporation, as from time to time amended, with respect to the closing of the transfer books and the fixing of a record date for the determination of stockholders entitled to vote, all holders of the shares of Common Stock shall be entitled to one vote for each share of Common Stock held by them and, except as otherwise herein or by law provided, the holders of shares of Common Stock shall vote together with the holders of shares of any other class of stock who are entitled to vote, and not as a separate class or separate classes, upon all matters to be voted upon by the stockholders of the corporation.

(b) At any meeting of stockholders of the corporation, the presence, in person or by proxy, of the holders of shares entitled to cast a majority of all of the votes which could be cast at such meeting by the holders of all of the outstanding shares of stock of the corporation entitled to vote on every matter that is to be voted upon without regard to class or serial designation at such meeting shall constitute a quorum.

(5)

Class A Preferred Stock

ARTICLE FIRST

DESIGNATION; NUMBER OF SHARES

1.01 Designation. The distinctive designation of this series of Class A Preferred Stock is \$80 Cumulative Preferred Stock (hereinafter called the "Cumulative Preferred Stock").

1.02 Number of Shares. The number of shares which shall constitute such series shall initially be 6,650 which number may be increased or decreased (but not below the number outstanding) from time to time by the Board of Directors.

1.03 Definitions. For purposes hereof, the following terms shall have the meanings indicated.

(a) The term "Class A Preferred Stock" means the class of 15,000 shares of Class A Preferred Stock and the term "Class B Preferred Stock" means the class of 25,000 shares of Class B Preferred Stock, presently authorized for issuance by the Articles of Incorporation of the corporation, and the term "Preferred Stock" means the Class A Preferred Stock and the Class B Preferred Stock, collectively. One series of Class B Preferred Stock, the Sinking Fund Preferred Stock consisting of 7,500 shares, has heretofore been provided for. The Cumulative Preferred Stock is provided for hereby.

(b) The term "Senior Stock" means (i) the Sinking Fund Preferred Stock and (ii) all those other classes and series of preferred or special stock and all those series of Preferred Stock, by the terms of the Articles of Incorporation or of the instrument by which the Board of Directors, acting pursuant to authority granted in the Articles of Incorporation, shall designate the special rights and limitations of each such

class and series of preferred or special stock or series of Preferred Stock, which shall be senior to the Cumulative Preferred Stock with respect to the right of the holders thereof to receive dividends and to participate in the assets of the corporation distributable to stockholders upon any liquidation, dissolution or winding up of the corporation.

(c) The term "Parity Stock" means all those classes and series of preferred or special stock and all those series of Preferred Stock, by the terms of the Articles of Incorporation or of the instrument by which the Board of Directors, acting pursuant to authority granted in the Articles of Incorporation, shall designate the special rights and limitations of each such class and series of preferred or special stock or series of Preferred Stock, which shall be on a parity with the Cumulative Preferred Stock with respect to the right of the holders thereof to receive dividends and to participate in the assets of the corporation distributable to stockholders upon any liquidation, dissolution or winding up of the corporation.

(d) The term "Junior Stock" means (i) the Common Stock, and (ii) all those classes and series of preferred or special stock and all those series of Preferred Stock, by the terms of the Articles of Incorporation or of the instrument by which the Board of Directors, acting pursuant to authority granted in the Articles of Incorporation, shall designate the special rights and limitations of each such class and series of preferred or special stock or series of Preferred Stock, which shall be subordinate to the Cumulative Preferred Stock with respect to the right of the holders thereof to receive dividends or to participate in the assets of the corporation distributable to stockholders upon any liquidation, dissolution or winding up of the corporation.

ARTICLES SECOND

DIVIDENDS

2.01 Payment of Dividends. Subject to the rights of the holders of Senior Stock, the holders of shares of Cumulative Preferred Stock, in preference to the holders of Junior Stock, shall be entitled, in conjunction with the holders of Parity Stock, to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, cumulative dividends in cash at the rate of \$80.00 per annum, upon each

outstanding share of Cumulative Preferred Stock, payable (if declared) in equal quarterly installments on the first day of January, April, July and October beginning on the first day of such quarter following the issuance of the Cumulative Preferred Stock (the quarterly periods referred to above being herein designated as ("dividend periods"). Such dividends shall be cumulative from the date of issue of shares.

2.02 Accrual of Dividends. All accrued dividends on the Cumulative Preferred Stock shall be cumulative (whether in any dividend period or periods such dividends shall be declared or there shall be funds of the corporation legally available for the payment thereof), and until all cumulative dividends upon the outstanding Cumulative Preferred Stock for all past dividend periods and for the then current dividend period shall be paid, or shall be declared and a sum sufficient for the payment therefor be set apart, no dividend whatever shall be declared or paid upon or set apart for, and no distribution other than in Junior Stock may be declared or made in respect of, any such Junior Stock which is junior in respect of payment of dividends.

2.03 No Interest on Accrued Dividends. Accrued but unpaid dividends on the Cumulative Preferred Stock shall bear no interest.

ARTICLE THIRD

REDEMPTION

3.01 Optional Right of Redemption and Redemption Price.

(a) The corporation may, at the option of the Board of Directors, redeem the whole or any part of the then outstanding Cumulative Preferred Stock, at any time or from time to time upon notice duly given as specified in Section 3.02, at \$1,000 per share ("Redemption Price"), together with any accrued and unpaid dividends thereon, computed from the date such dividends are to be cumulative in accordance with Section 2.01, up to and including the date fixed for redemption.

(b) - The corporation shall not be required to declare or pay, and the holders thereof shall not be entitled to receive, any dividends in addition to the cumulative dividends required by subsection (a) of this Section 3.01 to be paid with the Redemption Price of any Cumulative Preferred Stock to be redeemed.

3.02 Notice of Redemption. Notice of redemption of the Cumulative Preferred Stock shall be mailed at least 30 days prior to the date fixed for such redemption to the holders of record of the shares so to be redeemed at their respective addresses as the same shall appear on the books of the corporation. Such notice shall be deemed to have been given upon the mailing thereof. No defect in the notice or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares so to be redeemed.

The notice of redemption shall specify the number of shares of Cumulative Preferred Stock to be redeemed; the date fixed for redemption; the Redemption Price at which the Cumulative Preferred Stock is to be redeemed; where payment of the Redemption Price is to be made upon surrender of such shares; that unpaid cumulative dividends thereon accrued to the redemption date will be paid as specified in said notice; that upon surrender of their certificates to the corporation the holders of Cumulative Preferred Stock may receive the Redemption Price for their shares; and that at the close of business on the redemption date, all other rights of the holders with respect to such shares called for redemption shall cease, except for the right of the holder to receive the Redemption Price for said shares.

3.03 Partial Redemptions.

(a) In case of redemption of a part only of the Cumulative Preferred Stock at the time outstanding, the redemption may be made either on a pro-rata basis or by lot. The Board of Directors shall prescribe the manner in which the drawings by lot or the pro-rata redemption shall be conducted and, subject to the provisions herein and in the Articles of Incorporation, the terms and conditions upon which the Cumulative Preferred Stock shall be redeemed from time to time.

(b) In case less than all of the shares represented by any certificate surrendered for redemption are redeemed, a new certificate shall be issued representing unredeemed shares. The corporation shall not be required in any event to pay any transfer taxes by reason of the issuance of such new certificates in any name other than those in which the certificate surrendered for redemption may stand, and no such issuance shall be made unless and until the person requesting such issuance has paid

to the corporation the amount of any such tax, or has established to the satisfaction of the corporation and its transfer agent, if any, that such tax has been paid.

ARTICLE FOURTH LIQUIDATION

4.01 Liquidation Preference. Subject to Section 4.03 and to the rights of the holders of Senior Stock, the amount which, in preference to the holders of Junior Stock, shall be paid to the holders of shares of Cumulative Preferred Stock, in conjunction with the holders of Parity Stock, in the event of any voluntary or involuntary liquidation, dissolution, or winding-up of the corporation shall be \$1,000 per share on each share of outstanding Cumulative Preferred Stock ("Liquidation Preference"), together with any accrued and unpaid dividends thereon, computed from the date such dividends are to be accumulated in accordance with Section 2.01, up to and including the date of such payment, such payment to be made prior to any payment or distribution to the holders of Junior Stock which is junior in respect of distributions of assets upon the voluntary or involuntary liquidation, dissolution or winding-up of the corporation. After such amount is paid, no further distributions or payment shall be made in respect of the Cumulative Preferred Stock.

4.02 Merger, Consolidation, etc. For any and all purposes hereof, neither the merger nor consolidation of the corporation into or with any other person, firm or corporation, nor the merger or consolidation of any other person, firm or corporation into or with the corporation, nor a sale, transfer or lease of all or substantially all of the assets of the corporation, nor any other transaction or series of transactions having the effect of a reorganization shall be deemed to be a liquidation, dissolution or winding-up of the corporation. No distribution, partial liquidation or transaction commonly known as a spin-off, split-off or other transaction in the nature of a partial distribution shall be deemed a liquidation, dissolution or winding-up of the corporation for the purposes of Section 4.01.

4.03 Liquidation Distributions. In the event that the amounts payable in accordance with Section 4.01 are not paid in full, then the assets of the corporation shall be distributed ratably among the holders of the Cumulative Preferred Stock and the

Parity Stock, in proportion to the total amounts which would be payable on such distribution if all accrued and unpaid dividends and the full preferential amount payable upon liquidation were discharged in full, except as may be otherwise provided in any resolutions of the Board of Directors or amendment to the Articles of Incorporation creating another series of Preferred Stock.

ARTICLE FIFTH
STATUS OF SHARES REDEEMED, PURCHASED,
OR OTHERWISE
ACQUIRED BY THE CORPORATION

All shares of Cumulative Preferred Stock redeemed, purchased or otherwise acquired by the corporation may, at the option of the Board of Directors, be retired and thereupon restored to the status of authorized but unissued Preferred Stock undesignated as to series. Unless and until a determination to retire such shares is made by the Board of Directors, such shares shall be held in the corporation's treasury.

ARTICLE SIXTH
TRANSFER OF SHARES

6.01 Articles to Bear Legend. Any certificate issued with respect to Cumulative Preferred Stock shall bear such legend as may in the opinion of counsel to the corporation, be required by the Business Corporation Law of the State of Wisconsin and, in addition, such legends as may be necessary to comply with applicable federal or state securities laws and a legend substantially as follows:

"The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended ("Securities Act"), and the transfer thereof is subject to the terms of the Certificate of Designation, in respect of the \$80 Cumulative Preferred Stock of Southern Life and Health Insurance Company (the "Certificate"), a copy of which may be obtained upon request without charge from Southern Life

and Health Insurance Company. No transfer of such shares shall be valid or effective except in accordance with the terms of such Certificate."

6.02 Transfers Without Registration. A holder of Cumulative Preferred Stock may make any disposition of his shares of such stock (other than pursuant to an effective registration statement) upon giving, prior to making any such disposition, written notice to the corporation describing briefly the manner in which, and the transferee or transferees to which, such proposed disposition is to be made, and

(1) receiving notification from the corporation in writing that in the opinion of counsel to the corporation, no registration (or perfection of an exemption) under the Securities Act, is required with respect to such disposition (which opinion may, except in the case of a proposed sale pursuant to Rule 144 promulgated under the Securities Act, without limitation, be conditioned upon (A) acceptance by the transferee of a certificate or certificates bearing the legend on the certificates evidencing the shares of Cumulative Preferred Stock required by Section 6.01 or some other legend, and (B) a representation by the transferee that he is acquiring such Cumulative Preferred Stock to be transferred for his account for investment and not with a view to any distribution thereof), and

(2) where determined necessary by counsel to the corporation, delivery to the corporation by such transferee or transferees of their written acknowledgment of and agreement to be bound by the provisions of this Article SIXTH.

ARTICLE SEVENTH VOTING RIGHTS

Except as otherwise expressly required by law, holders of Cumulative Preferred stock shall have no voting rights.

(6)

Class B Preferred Stock

ARTICLE FIRST DESIGNATION; NUMBER OF SHARES

1.01 Designation. The distinctive designation of this series of Class B Preferred Stock is \$127.50 Sinking Preferred Stock (hereinafter called the "Sinking Fund Preferred Stock").

1.02 Number of Shares. The number of shares which shall constitute such series shall initially be 7,500 which number may be increased or decreased (but not below the number outstanding) from time to time by the Board of Directors.

1.03 Definitions. For purposes hereof, the following terms shall have the meanings indicated.

(a) The term "Class A Preferred Stock" means the class of 15,000 shares of Class A Preferred Stock and the term "Class B Preferred Stock" means the class of 25,000 shares of Class B Preferred Stock, presently authorized for issuance by the Certificate of Incorporation of the corporation, and the term "Preferred Stock" means the Class A Preferred Stock and the Class B Preferred Stock, collectively. One series of Class A Preferred Stock, the Cumulative Preferred Stock consisting of 6,650 shares, has heretofore been provided for. The Sinking Fund Preferred Stock is provided for hereby.

(b) The term "Senior Stock" means all those classes and series of preferred or special stock and all those series of Preferred Stock, by the terms of the Articles of Incorporation or of the instrument by which the Board of Directors, acting pursuant to authority granted in the Articles of Incorporation, shall designate the special rights and limitations of each such class and series of preferred or special stock or series of Preferred Stock, which shall be senior to the Sinking Fund Preferred Stock with respect to the right of the holders thereof to receive dividends and to participate in the assets of the corporation distributable to stockholders upon any liquidation, dissolution or winding up of the corporation.

(c) The term "Parity Stock" means all those classes and series of preferred or special stock and all those series of Preferred Stock, by the terms of the Articles of Incorporation or of the instrument by which the Board of Directors, acting pursuant to authority granted in the Articles of Incorporation, shall designate the special rights and limitations of each such class and series of preferred or special stock or series of Preferred Stock, which shall be on a parity with the Sinking Fund Preferred Stock with respect to the right of the holders thereof to receive dividends and to participate in the assets of the corporation distributable to stockholders upon any liquidation, dissolution or winding up of the corporation.

(d) The term "Junior Stock" means (i) the Cumulative Preferred Stock and the Common Stock and (ii) all those classes and series of preferred or special stock and all those series of Preferred Stock, by the terms of the Articles of Incorporation or of the instrument by which the Board of Directors, acting pursuant to authority granted in the Articles of Incorporation, shall designate the special rights and limitations of each such class and series of preferred or special stock or series of Preferred Stock, which shall be subordinate to the Sinking Fund Preferred Stock with respect to the right of the holders thereof to receive dividends or to participate in the assets of the corporation distributable to stockholders upon any liquidation, dissolution or winding up of the corporation.

ARTICLES SECOND

DIVIDENDS

2.01 Payment of Dividends. Subject to the rights of the holders of Senior Stock, the holders of shares of Sinking Fund Preferred Stock, in preference to the holders of Junior Stock, shall be entitled, in conjunction with the holders of Parity Stock, to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, cumulative dividends in cash at the rate of \$127.50 per annum, upon each outstanding share of Sinking Fund Preferred Stock, payable (if declared) in equal quarterly installments on the first day of January, April, July and October beginning on the first day of such quarter following the issuance of the Sinking Fund Preferred Stock

(the quarterly periods referred to above being herein designated as "dividend periods"). Such dividends shall be cumulative from the date of issue of shares.

2.02 Accrual of Dividends. All accrued dividends on the Sinking Fund Preferred Stock shall be cumulative (whether in any dividend period or periods such dividends shall be declared or there shall be funds of the corporation legally available for the payment thereof), and until all cumulative dividends upon the outstanding Sinking Fund Preferred Stock for all past dividend periods and for the then current dividend period shall be paid, or shall be declared and a sum sufficient for the payment therefor be set apart, no dividend whatever shall be declared or paid upon or set apart for, and no distribution other than in Junior Stock may be declared or made in respect of, any such Junior Stock which is junior in respect of payment of dividends.

2.03 No Interest on Accrued Dividends. Accrued but unpaid dividends on the Sinking Fund Preferred Stock shall bear no interest.

ARTICLE THIRD REDEMPTION

3.01 Optional Right of Redemption and Redemption Price.

(a) The corporation may, at the option of the Board of Directors, redeem the whole or any part of the then outstanding Sinking Fund Preferred Stock, at any time or from time to time upon notice duly given as specified in Section 3.02, at \$1,000 per share ("Redemption Price"), together with any accrued and unpaid dividends thereon, computed from the date such dividends are to be accumulated in accordance with Section 2.01, up to and including the date fixed for redemption.

(b) The corporation shall not be required to declare or pay, and the holders thereof shall not be entitled to receive, any dividends in addition to the cumulative dividends required by subsection (a) of this Section 3.01 to be paid with the Redemption Price of any Sinking Fund Preferred Stock to be redeemed.

3.02 Notice of Redemption. Notice of redemption of the Sinking Fund Preferred Stock shall be mailed at least 30 days prior to the date fixed for such redemption to the holders of record of the shares so to be redeemed at their respective addresses as the

same shall appear on the books of the corporation. Such notice shall be deemed to have been given upon the mailing thereof. No defect in the notice or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares so to be redeemed.

The notice of redemption shall specify the number of shares of Sinking Fund Preferred Stock to be redeemed; the date fixed for redemption; the Redemption Price at which the Sinking Fund Preferred Stock is to be redeemed; where payment of the Redemption Price is to be made upon surrender of such shares; that unpaid cumulative dividends thereon accrued to the redemption date will be paid as specified in said notice; that upon surrender of their certificates to the corporation the holders of Sinking Fund Preferred Stock may receive the Redemption Price for their shares; and that at the close of business on the redemption date, all other rights of the holders with respect to such shares called for redemption shall cease, except for the right of the holder to receive the Redemption Price for said shares.

3.03 Partial Redemptions.

(a) In case of redemption of a part only of the Sinking Fund Preferred Stock at the time outstanding, the redemption may be made either on a pro-rata basis or by lot. The Board of Directors shall prescribe the manner in which the drawings by lot or the pro-rata redemption shall be conducted and, subject to the provisions herein and in the Articles of Incorporation, the terms and conditions upon which the Sinking Fund Preferred Stock shall be redeemed from time to time.

(b) In case less than all of the shares represented by any certificate surrendered for redemption are redeemed, a new certificate shall be issued representing unredeemed shares. The corporation shall not be required in any event to pay any transfer taxes by reason of the issuance of such new certificates in any name other than those in which the certificate surrendered for redemption may stand, and no such issuance shall be made unless and until the person requesting such issuance has paid to the corporation the amount of any such tax, or has established to the satisfaction of the corporation and its transfer agent, if any, that such tax has been paid.

ARTICLE FOURTH
SINKING FUND

4.01 Sinking Fund.

(a) Subject to approval by the Department of Insurance of the State of Wisconsin, on January 31, 1996 and on or before each January 31 thereafter (each such January 31 hereinafter called a "Sinking Fund Redemption Date") so long as any shares of Sinking Fund Preferred Stock shall be outstanding, the corporation shall set aside or shall pay to the transfer agent, or other redemption agent, for the Sinking Fund Preferred Stock in trust, as and for a sinking fund for the Sinking Fund Preferred Stock, a sum (hereinafter called the "Sinking Fund Payment") sufficient in each instance to redeem at \$1,000 per share, 750 shares of Sinking Fund Preferred Stock.

(b) Against any Sinking Fund Payment required to be made pursuant to paragraph (a) of this Section 4.01, the corporation may elect to take credit for any shares of Sinking Fund Preferred Stock (i) redeemed pursuant to Section 3.01 or (ii) otherwise acquired by the corporation (other than through the application of the sinking fund) prior to the January 1 immediately preceding such Sinking Fund Redemption Date and which have not theretofore been used for the purpose of any such credit.

(c) On or before January 1 in each of the years in which a Sinking Fund Payment is due, the corporation shall take action to redeem, in accordance with Section 3.01, the shares of Sinking Fund Preferred Stock to be redeemed on the Sinking Fund Redemption Date or the corporation shall notify the transfer agent, or other redemption agent, of the amount of the Sinking Fund Payment to be made on such Sinking Fund Redemption Date and if any credit is to be taken for shares of Sinking Fund Preferred Stock against such Sinking Fund Payment pursuant to paragraph (b) of this Section 4.01, and such agent shall thereupon take such action. In the event that the corporation shall not have funds legally available to make any Sinking Fund Payment, the obligation to make such payment shall be carried forward and fulfilled when such funds are legally available.

ARTICLE FIFTH
LIQUIDATION

5.01 Liquidation Preference. Subject to Section 5.03 and to the rights of the holders of Senior Stock, the amount which, in preference to the holders of Junior Stock, shall be paid to the holders of shares of Sinking Fund Preferred Stock, in conjunction with the holders of Parity Stock, in the event of any voluntary or involuntary liquidation, dissolution, or winding-up of the corporation shall be \$1,000 per share on each share of outstanding Sinking Fund Preferred Stock ("Liquidation Preference"), together with any accrued and unpaid dividends thereon, computed from the date such dividends are to be accumulated in accordance with Section 2.01, up to and including the date of such payment, such payment to be made prior to any payment or distribution to the holders of Junior Stock which is junior in respect of distributions of assets upon the voluntary or involuntary liquidation, dissolution or winding-up of the corporation. After such amount is paid, no further distributions or payment shall be made in respect of the Sinking Fund Preferred Stock.

5.02 Merger, Consolidation, etc. For any and all purposes hereof, neither the merger nor consolidation of the corporation into or with any other person, firm or corporation, nor the merger or consolidation of any other person, firm or corporation into or with the corporation, nor a sale, transfer or lease of all or substantially all of the assets of the corporation, nor any other transaction or series of transactions having the effect of a reorganization shall be deemed to be a liquidation, dissolution or winding-up of the corporation. No distribution, partial liquidation or transaction commonly known as a spin-off, split-off or other transaction in the nature of a partial distribution shall be deemed a liquidation, dissolution or winding-up of the corporation for the purposes of Section 5.01.

5.03 Liquidation Distributions. In the event that the amounts payable in accordance with Section 5.01 are not paid in full, then the assets of the corporation shall be distributed ratably among the holders of the Sinking Fund Preferred Stock and the Parity Stock, in proportion to the total amounts which would be payable on such distribution if all accrued and unpaid dividends and the full preferential amount payable upon liquidation were discharged in full, except as may be otherwise provided in any

resolutions of the Board of Directors or amendment to the Articles of Incorporation creating another series of Preferred Stock.

ARTICLE SIXTH
STATUS OF SHARES REDEEMED, PURCHASED,
OR OTHERWISE
ACQUIRED BY THE CORPORATION

All shares of Sinking Fund Preferred Stock redeemed, purchased or otherwise acquired by the corporation may, at the option of the Board of Directors, be retired and thereupon restored to the status of authorized but unissued Preferred Stock undesignated as to series. Unless and until a determination to retire such shares is made by the Board of Directors, such shares shall be held in the corporation's treasury.

ARTICLE SEVENTH
TRANSFER OF SHARES

7.01 Certificates to Bear Legend. Any certificate issued with respect to Sinking Fund Preferred Stock shall bear such legend as may in the opinion of counsel to the corporation, be required by the Business Corporation Law of the State of Wisconsin and, in addition, such legends as may be necessary to comply with applicable federal or state securities laws and a legend substantially as follows:

"The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended ("Securities Act"), and the transfer thereof is subject to the terms of the Certificate of Designation, in respect of the \$127.50 Sinking Fund Preferred Stock of Southern Life and Health Insurance Company (the "Certificate"), a copy of which may be obtained upon request without charge from Southern Life and Health Insurance Company. No transfer of such shares shall be valid or effective except in accordance with the terms of such Certificate."

7.02 Transfers Without Registration. A holder of Sinking Fund Preferred Stock may make any disposition of his shares of such stock (other than pursuant to an effective registration statement) upon giving, prior to making any such disposition, written notice to the corporation describing briefly the manner in which, and the transferee or transferees to which, such proposed disposition is to be made, and

(1) receiving notification from the corporation in writing that in the opinion of counsel to the corporation, no registration (or perfection of an exemption) under the Securities Act, is required with respect to such disposition (which opinion may, except in the case of a proposed sale pursuant to Rule 144 promulgated under the Securities Act, without limitation, be conditioned upon (A) acceptance by the transferee of a certificate or certificates bearing the legend on the certificates evidencing the shares of Sinking Fund Preferred Stock required by Section 7.01 or some other legend, and (B) a representation by the transferee that he is acquiring such Sinking Fund Preferred Stock to be transferred for his account for investment and not with a view to any distribution thereof), and

(2) where determined necessary by counsel to the corporation, delivery to the corporation by such transferee or transferees of their written acknowledgment of and agreement to be bound by the provisions of this Article SEVENTH.

ARTICLE EIGHTH VOTING RIGHTS

Except as otherwise expressly required by law, holders of Sinking Fund Preferred Stock shall have no voting rights.

ARTICLE IV Preemptive Rights

No holder of any stock of the corporation shall have any preemptive right to purchase, subscribe for, or otherwise acquire any shares of stock of the corporation of any class now or hereafter authorized, or any securities exchangeable for or convertible into such shares.

ARTICLE V

Directors

The number of directors and the standards for their election and qualification shall be fixed from time to time by the bylaws. The directors may be divided into classes as set forth in the bylaws.

ARTICLE VI

Right to Purchase Own Shares
and Partial Liquidation

The corporation shall have the right to acquire its own shares from time to time, upon such terms and conditions as the board of directors shall fix. The board of directors may, from time to time, distribute to shareholders in partial liquidation out of stated capital or net capital surplus a portion of its assets in cash or property as further provided by law.

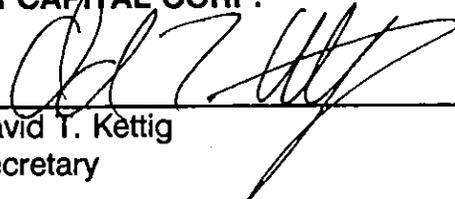
ARTICLE VII

Amendments

These article may be amended in the manner authorized by law at the time of the adoption of the amendment.

Executed this 26th day of September, 1995.

HONOR CAPITAL CORP.

By: 
David T. Kettig
Secretary

State of Connecticut)
) ss: Stamford
County of Fairfield)

Personally came before me this 26th day of September, 1995 the above named David T. Kettig, to me known to be the person who executed the foregoing instrument and acknowledged the same as Secretary of Honor Capital Corp.


Notary Public

My commission: JO ANNE T. RITTER
NOTARY PUBLIC
MY COMMISSION EXPIRES APR. 30, 1997